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ABSTRACT

In an effort to assess what progress states and localities are making in implementation of the Workforce Investment Act (WIA) of 1998, a study identified three issues of particular concern: (1) mandatory partners' participation in the one-stops; (2) job seekers' ability to receive enhanced choices for training; and (3) private-sector participation on workforce boards. Information was collected through interviews with officials of the Departments of Labor, Education, Health and Human Services, and Housing and Urban Development, officials from national associations representing implementers, site visits to nine one-stop employment service centers in three states, and a symposium of stakeholders. The study found, first, that although mandatory partners are attempting to participate in the one-stops, program or financial concerns are affecting their level of participation and their ability to fully integrate their services at the one-stops. Second, the partners found the data collection requirements of the legislation difficult and costly. Finally, the private-sector partners were concerned about the operation of the workforce investment boards on which they were supposed to be represented. The study recommends that the responsible federal agencies work together to provide more effective guidance on how to address the specific concerns identified by state and local implementers and that Congress provide more time for training providers. Appended are: Presence of Partners at Nine One-Stops and Method of Core Service Provision and Respective Comments from the Departments of Labor, Education, Health and Human Services, and Housing and Urban Development, as well as GAO Contacts and Staff Acknowledgements. (KC)

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GAO

Report to Congressional Requesters

October 2001

WORKFORCE INVESTMENT ACT

Better Guidance Needed to Address Concerns Over New Requirements

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Abbreviations

ETPL	eligible training provider list
FERPA	Family Educational Rights and Privacy Act
GED	general equivalency diploma
HEA	Higher Education Act
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
ITA	individual training account
OMB	Office of Management and Budget
SSN	social security number
UI	unemployment insurance
WIA	Workforce Investment Act

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United States General Accounting Office
Washington, DC 20548

October 4, 2001

The Honorable Edward M. Kennedy
Chairman
The Honorable James M. Jeffords
Committee on Health, Education,
Labor and Pensions
United States Senate

A competitive national economy depends, in part, on a workforce development system that provides individuals with labor market skills and gives employers access to qualified workers. In the past, the nation's job training system was fragmented, containing overlapping programs that did not serve job seekers or employers well.[1] To address these problems, the Congress passed the Workforce Investment Act (WIA) in 1998, seeking to create a system connecting employment, education, and training services to better match workers to labor market needs. WIA's requirements represented a significant change from prior workforce development efforts, including, among other things:

- The streamlining of employment and training services through better integration at the local level. In that respect, WIA requires state and local entities who carry out at least 17 federal programs[2] to participate in local one-stop centers (local centers offering job placement assistance for workers, and opportunities for employers to find workers) by making employment and training-related services available,[3] and by providing support for the establishment and operation of these one-stops through payment of rent or in-kind contributions.[4]

[1]GAO has reported in the past that the prior workforce development system was fragmented. See Related GAO Products.

[2]The entities carrying out these programs or their activities at the one-stops are termed "mandatory partners." They are funded through four federal agencies: the Department of Labor (Labor), the Department of Education (Education), the Department of Health and Human Services (HHS), and the Department of Housing and Urban Development (HUD). See table 1 for a listing of the programs.

[3]These services include "core" services, such as initial eligibility, as well as access to the full range of services.

[4]WIA did not dictate how one-stops must be set up, but in guidance, Labor described a range of one-stop models.

- Enhanced training options for job seekers receiving training. WIA requires any training provider (such as a community college or a technical education program) wanting to participate in this new system to collect and report data on student outcomes (such as completion, placement, and wage rates). Job seekers could use this information to, among other things, decide what training provider or course offering to patronize.

- A stronger role for the private sector in the workforce system. WIA requires that the private sector lead and represent the majority of members on state and local workforce investment boards. WIA created these boards to establish workforce development policies and oversee one-stop operations.

The Congress passed WIA in August 1998, but many of its components took full effect on July 1, 2000.[5] As a result, state and local implementers (those responsible for carrying out WIA at the state and local level) are at different stages of implementation, with most just recently completing their first full year of WIA implementation.[6] In an effort to assess what progress states and localities are making implementing WIA's requirements and what issues may be affecting one-stop partners' ability to achieve full integration, Labor's ultimate vision of future one-stop systems—you asked that we identify issues of particular concern to state and local implementers, as well as possible solutions to address these issues. For the purposes of this report, we focused on issues related to the three WIA requirements that represent the foundation of this new system. These issues are (1) mandatory partners' participation in the one-stops, (2) job seekers' ability to receive enhanced choices for training, and (3) private-sector participation on workforce boards.

To more fully assess these issues, we interviewed officials from the Departments of Labor, Education, Health and Human Services (HHS), and Housing and Urban Development (HUD). We also interviewed officials from national associations representing a variety of state and local

[5]For example, creation of the one-stops, training provider requirements, and establishment of boards, which we focus on in this report, and which are in WIA's Title I, were not required to take full effect until July 1, 2000.

[6]Examples of state and local implementers include, among others, those agency officials serving individuals eligible for any of the mandatory partners' services, public and private-sector representatives serving on state and local workforce investment boards, governors and local elected officials, training providers, etc. "Mandatory partners" are a subset of all state and local implementers.

implementers (for example, local governments, state labor agencies, educational institutions, private-sector representatives). To further understand the effect these issues were having on local-level implementation and to determine possible solutions, we met with a wide range of officials during visits to three states (California, Pennsylvania, and Vermont), six local areas, and nine one-stop centers in those states. We selected the states based on a variety of economic, demographic, and other state-specific factors.[7] To further validate our findings, we sponsored a symposium that included officials from the key associations representing state and local implementers. Although our findings are not applicable to the universe of state and local implementers, they were corroborated by several sources, including surveys conducted for us by two national associations[8] and a survey conducted by the Department of Labor (Labor) on the status of WIA implementation efforts that included information representing 132 out of approximately 600 local areas.[9] We performed our work in accordance with generally accepted government auditing standards between December 2000 and August 2001.

Results in Brief

As required by WIA, mandatory partners are making efforts to participate in the one-stops. However, programmatic or financial concerns are affecting the partners' level of participation, as well as their ability to fully integrate their services at the one-stops. First, several mandatory partners feared that one-stop participation would significantly alter their traditional service-delivery methods and could adversely affect the quality of services provided to their eligible populations. For example, staff for one program that serves the disabled expressed concerns that the special services their eligible population may need, such as sign language interpreters, are not available at many one-stops, but are available at existing program offices.

[7]For example, California has the largest WIA funding and the most local workforce investment areas, while Vermont has significantly less funding and only one workforce investment area. We selected Pennsylvania because it implemented WIA earlier than the other two states and we believed it might have had different implementation experiences. Other factors we considered included past and expected economic growth in these states. We utilized a range of criteria, such as population density, to select the local areas visited in each state.

[8]The U.S. Conference of Mayors and the National Association of Counties conducted these surveys of their entire respective memberships. About 100 of the approximately 600 local areas responded.

[9]Labor's study is not necessarily representative of all local areas because only about one quarter of the local areas responded.

Second, several mandatory partners were also concerned that full integration could lead them to serve individuals otherwise ineligible for their services. For example, local staff of one mandatory program, the Department of Education's Vocational Rehabilitation Services program, said that they must serve those individuals who are most in need of services, and would violate their own program's requirements if they were to serve an individual at the one-stop who did not meet that criteria. In addition, mandatory partners said that resource constraints limited their ability to fully integrate their services at the one-stops. For example, when mandatory partners have a lease on an existing facility that they cannot break, they can incur additional expenses by operating out of that location, providing staff to the one-stop, or establishing other links to the one-stops. The agencies that oversee the programs, such as Labor, have not provided adequate guidance as to how mandatory partners can resolve these concerns to achieve full integration at the one-stops. State and local implementers shared with us their ideas on how to address these problems, such as offering incentives to mandatory partners for participation.

As implementation of WIA progresses, training options for job seekers may be diminishing rather than improving, as training providers reduce the number of course offerings they make available to WIA job seekers. According to training providers, the data collection burden resulting from participation in WIA can be significant and may discourage their willingness to participate. For example, the requirement that training providers collect outcome data on all students in a class may mean calling hundreds of students to obtain placement and wage information, even if there is only one WIA-funded student in that class. Even if they used other methods that may be less resource-intensive, training providers said privacy limitations might limit their ability to collect or report student outcome data. Training providers also highlighted the burden associated with the lack of consistency between the data reporting definitions states use for WIA and other mandatory partners. For example, the definition a state establishes for "program completer" for students enrolled in WIA can be different from the definition a state establishes for students enrolled in Education's Carl D. Perkins Vocational Education Program (Perkins). Training providers find the reporting requirements particularly burdensome given the relatively small number of individuals who have been sent for training. Guidance from Labor and Education has failed to address how training providers can provide this information cost-effectively. State and local implementers shared their views on ways to reduce training providers' burden and enhance job seekers' training

options, such as allowing training providers to collect required data on only a sample of their students.

Private-sector representatives may be discouraged from participating on workforce investment boards as a result of how states and localities are operating their boards and associated entities. Private-sector representatives and other implementers have said that the large size of the workforce investment boards at the state and local levels—54 in one state we visited—have made it difficult to conduct the board's business in an efficient manner. In addition, according to private-sector representatives, the structures established to accommodate the boards' large size might inaccurately reflect private-sector views. For example, the boards' day-to-day operations are typically carried out by public-sector employees with few ties or little understanding of the employer community. In addition, committees that have been set up under the auspices of the boards that are tasked with researching key issues may not have sufficient membership from the private sector to ensure that they focus on the issues of concern to the private sector. Although Labor has offered information to the private sector related to boards through its contractors, several training sessions, and publications, it has not issued specific guidance to help states and localities overcome some of these issues. If these issues are left unresolved, several private-sector representatives told us they might reduce their level of participation. State and local implementers shared with us their ideas of ways to help maintain private-sector leadership, such as requiring a private-sector chair and private-sector majority on committees.

We are recommending that the responsible federal agencies—Labor, Education, HHS, and HUD—work together to provide more effective guidance on how to address the specific concerns identified by state and local implementers. We are also presenting a matter for congressional consideration, suggesting that the Congress provide more time for training providers to adjust to the data collection and reporting requirements.

Labor, Education, HHS, and HUD provided us with written comments on a draft of this report. HHS concurred with the recommendation that was applicable to its activities. Neither Labor, Education, nor HUD commented specifically on our recommendations, but reiterated the difficulties associated with WIA implementation. Education raised concerns about our assessment of mandatory partners' progress towards the full integration model, rather than other acceptable models. We did not intend to imply that full integration is the only option for participation. However, because Labor highlighted full integration as its ultimate vision for

participation, our report sought to identify issues that would complicate partners' efforts to achieve full integration. HUD said that it did not believe that WIA was directly applicable to its programs. We incorporated the agencies' comments into the report as appropriate.

Background

Through WIA, the Congress sought to replace the fragmented training and employment system that existed under the previous workforce system. Among other things, WIA streamlined program services at one-stop centers, offered job seekers the ability to make informed choices about training, and provided for private-sector leadership to manage this new workforce development system.

Streamlining Services Through One-Stop Centers

To ensure better integration of employment and training services at the local level, WIA imposed requirements on at least 17 programs administered by four federal agencies. These requirements included, among others, making core employment and training services available through the one-stop centers, providing access to the programs' other services to those eligible, and supporting the one-stops' establishment and operation.[10] As shown in table 1, these programs represent a range of funding levels, from $2.4 billion for the Vocational Rehabilitation Program to $55 million for Native American employment and training programs. The programs also represent various target populations. For example, while many of the programs serve either low-income or otherwise disadvantaged or unemployed individuals, WIA's Adult and Dislocated Worker programs can serve any individual 18 or older, as can Wagner-Peyser's Employment Service (Employment Service). In contrast, Education's Vocational Rehabilitation Services program can only serve disabled individuals and even then prioritizes which of those it can serve. These programs also represent a range of service-delivery methods. Many of these programs' services are administered by public agency personnel (such as those from state labor or education departments). Other programs are administered by, among others, nonprofit or community-based organizations, unions, Indian tribal governments, and community development corporations. Several of these programs consist of block grants that are provided to states and localities for a variety of efforts, which may include employment and training services. Although many of

[10]Labor introduced the one-stop concept in 1994, when it began awarding implementation grants to help states bring Labor-funded employment and training programs into a single infrastructure.

the programs provide for training, such as WIA's Adult and Dislocated Worker programs, others, such as veterans' employment and training programs, must work with other programs to obtain training for their participants.

Table 1: WIA's Federal Programs: Funding Levels, Services Provided, and Target Populations (dollars in millions)

Required programs[a]	2001 appropriation	Services provided and target population
Department of Labor		
Adult Worker Program	$950	Assessment, counseling, job readiness skills, and occupational skills training to individuals age 18 or older
Dislocated Worker Program	1,590	Assessment, counseling, job readiness skills, and occupational skills training to individuals age 18 or older, such as those who are unemployed or seeking reemployment
Youth Program	1,103	Assistance for youth ages 14–21 to complete an educational program or to secure and hold employment. Priority is given to low-income individuals with particular employment or school-completion barriers
Wagner-Peyser Employment Service	1,016	Assessment, counseling, job readiness and placement to any individual seeking employment who is legally authorized to work in the United States
Trade Adjustment Assistance Training Program	407	Reemployment assistance to individuals who have become unemployed as the result of increased imports
Employment and training services to veterans	159	Counseling and placement services to veterans, including those with service-connected disabilities; connections to other programs that can fund training
Unemployment Insurance	2,349	Compensation to individuals who have become unemployed through no fault of their own and are looking for work
Job Corps	1,400	A residential program that provides job training and job-readiness skills to disadvantaged at-risk youth, ages 16–24
Welfare-to-Work Program	1,500[b]	Variety of services, including transitional employment, wage subsidies, job training and placement, and postemployment services, to move welfare recipients, custodial parents with incomes below the poverty line, and noncustodial parents of low-income children into employment
Senior Community Service Employment Program	440	Assessment, counseling, placement assistance, and occupational skills training for low-income persons age 55 and over
Migrant & Seasonal Farmworker Employment and Training Program	77	Assessment, counseling, placement assistance, occupational skills training, and other supportive services for economically disadvantaged migrant and seasonally employed workers
Native American Employment and Training Programs	55	Assessment, counseling, placement assistance, occupational skills training, and other supportive services for Indian, Alaskan Native, and Native Hawaiian individuals
Department of Education		
Vocational Rehabilitation Services Program	2,376	Assessment, counseling, placement assistance, occupational skills training, and other rehabilitative services

Required programs[a]	2001 appropriation	Services provided and target population
		to individuals with disabilities; priority is given to those with the most significant disabilities
Adult Education and Literacy	540	Assessment and basic skills and literacy training to adults over the age of 16, not enrolled in school, who lack a high school diploma or the basic skills to function effectively in the workplace and in their daily lives
Carl D. Perkins Vocational Education Program	1,100[c]	Improvement of vocational and technical education programs through curriculum and professional development, purchase of equipment, services to members of special populations, and other activities.
HHS		
Community Services Block Grant	600[d]	A wide array of assistance, including but not limited to employment or training, to low-income families and their communities
HUD		
HUD-administered employment and training	[e]	A wide range of employment and training-related services to residents of public and assisted housing and other low-income persons
Total	**$14,162[f]**	

Note: Local areas have the option of including other programs as well, such as those providing services under the Temporary Assistance to Needy Families program (a welfare program under HHS), and the Food Stamps Employment and Training program (an assistance program under the Department of Agriculture), to name a few.

[a]Title I of WIA replaced those programs that had been under the Job Training Partnership Act for economically disadvantaged adults, youths and dislocated workers with three new programs - Adult, Dislocated Worker, and Youth. It also reauthorized several programs, such as Native American Employment and Training Programs, Job Corps, employment and training services to veterans, and Migrant and Seasonal Farmworker Training Program. Title II of WIA repealed the Adult Education Act and replaced it with the Adult Education and Family Literacy Act, Title III amended the Wagner-Peyser Act (Employment Service) to require that the program's activities be provided as part of the WIA one-stop system, and Title IV amended the Rehabilitation Act of 1973 (Vocational Rehabilitation).

[c]This figure represents fiscal year 2000 funding; no additional funding was provided in fiscal year 2001. The amount of the unused prior years' funds is not available.

[d]Post-secondary institutions that receive funds are mandatory partners. States determine the proportion of funds allocated to secondary and postsecondary education. Nationwide, 38 percent of these funds were allocated to postsecondary institutions in fiscal year 2001.

[e]Of this amount, only $590.5 million was available to states, territories, the District of Columbia, the Commonwealth of Puerto Rico and federal and state-recognized tribes. $9.5 million was available for training and technical assistance.

[e]According to HUD, none of its many workforce development initiatives have employment and training as a primary purpose nor are they required to use their funding for employment and training purposes, although they may do so.

[f]Total does not include fund totals for Welfare-to-Work or HUD's initiatives.

Source: Labor, Education, HHS, and HUD.

While WIA created the establishment of one-stops, it did not prescribe their structure or specific operations. However, in guidance published in June 2000, Labor identified a range of models that could be used to comply with the law's requirements. These models included simple collocation of program staff at the one-stops with coordinated delivery of services, or electronic data sharing between partners' existing offices and the one-stops. According to Labor and others, however, the vision for future participation by partners in one-stop systems is "full integration." Labor has defined full integration as all partner programs coordinated and administered under one management structure and accounting system, offering joint delivery of program services from combined resources. WIA gave local areas discretion to determine the means by which partners would participate in providing core services and support for the one-stops' operations. The arrangements were supposed to be resolved in a memorandum of understanding between the local workforce investment boards and each partner. As an example of coordinated delivery systems, partners could develop contractual agreements with other partners to provide core services, which could include referral arrangements. WIA also provided a great deal of flexibility as to how partners could support the one-stops. For example, WIA allows making financial contributions (for example, paying rent for staff collocated at the one-stop), or providing equipment or shared services (for example, teaching a class, or greeting individuals who enter the one-stop).

In addition to requiring the mandatory partners to provide their core services at the one-stop, WIA changed the way partners served job seekers. WIA initiated a sequencing of services for adults and dislocated workers to ensure that they were receiving the requisite amount of services needed to enter the workforce, and that funds for more intensive services or training were targeted to those who needed them most. Accordingly, WIA required that anyone coming into the one-stop would first receive only core services to aid them with their job search activities.[11] If these efforts were unsuccessful in helping the job seeker obtain or retain a job that allows for self-sufficiency, then he or she could

[11]Section 134(d)(2) of WIA lists 11 core services, such as program eligibility determination, assessment, and provision of employment statistics. However, only the Adult and Dislocated Worker programs must offer the entire list of core services; other partners are only required to provide those that are applicable to their program. For example, a core service for Education's Perkins program may be initial assessment of an individual's vocational and academic skill levels as part of a program for members of special populations, while a core service for a partner providing Education's Adult Education and Literacy program would be an assessment of an individual's aptitudes and abilities.

receive intensive services. These services are conducted by one-stop staff to help the job seeker find, successfully compete for, and retain a job. Intensive services can include activities such as counseling, and in-depth skill assessment. Intensive services also include classes such as general equivalency diploma (GED), literacy, conflict resolution, and punctuality classes. If these activities still do not help the job seeker obtain and retain employment, then the individual may be eligible to receive occupational skills training.[12] WIA allowed local discretion regarding how individuals would move from one level to the next among those three levels of services. According to Labor, individuals may receive the three levels of service concurrently and the determination that an individual needs intensive and/or training services can be made without regard to how long the individual has been receiving core services.

Training Provider Performance and Informed Choice for Job Seekers

One of the criticisms of past workforce systems was that few data were available on the impact that training had on a job seeker's ability to obtain and maintain employment. Consequently, there is a requirement, specific to WIA's Adult and Dislocated Worker programs, for individuals seeking jobs through WIA. WIA requires the collection of outcome data to be used to assess training providers' performance and also to allow job seekers receiving training the ability to make more informed choices about training providers. Unlike prior systems, WIA allows individuals eligible for training under the Adult and Dislocated Worker programs to receive vouchers—called Individual Training Accounts (ITAs)—which can be used for the training provider and course offering of their choice, within certain limitations.[13]

Training provider participation under WIA's Adult and Dislocated Worker programs centers on an eligible training provider list (ETPL). This list contains all training course offerings that are available to WIA-funded individuals eligible for training. Course offerings from most community colleges and other technical education providers are automatically qualified to be on the ETPL for 1 year, as long as providers submitted paperwork to each local area where they wanted their course offerings to be available. When WIA-funded individuals with ITAs enrolled in a course,

[12]Candidates for skills training must, among other things, have the skill prerequisites to successfully complete the training selected.

[13]The course offering should be in a demand occupation, for example, an occupation for which labor market information suggests a current and continuing need for workers.

the training providers would, to stay on the ETPL after the first year of initial eligibility, need to collect and report data on all the students enrolled in that course. The providers need to collect data on (1) completion rates, (2) job-placement rates, and (3) wages at placement. WIA also required, among other things, collection of retention rates and wage gains for participants funded under the Adult and Dislocated Worker programs for 6 months following their first day of employment.[14] This procedure has to be repeated for any new course offering that training providers may want to place on the ETPL.

To have course offerings remain on the ETPL after the 1-year initial eligibility period, training providers must meet or exceed performance criteria established by the state. For example, a state might determine that only training providers' courses with an 80-percent-completion rate would be allowed to remain on the ETPL. If a course failed to meet that level, it would no longer be open to WIA-funded individuals. Labor's final regulations allowed states to extend the initial eligibility period for up to an additional six months under certain circumstances.

Forming Workforce Investment Boards Led by the Private Sector

WIA called for the development of workforce investment boards to oversee WIA implementation at the state and local levels. At the state level, WIA required, among other things, that the workforce investment board assist the governor in helping to set up the system, establish procedures and processes for ensuring accountability, and designate local workforce investment areas. WIA also required that boards be established within each of the local workforce investment areas to carry out the formal agreements developed between the boards and each partner, and to oversee one-stop operations.[15] According to Labor, there are 54 state workforce investment boards and approximately 600 local boards.[16]

[14]While this additional data collection requirement is only applicable to participants who had been funded under the Adult or Dislocated Worker programs, the Governor is permitted to require providers to submit this type of data for non-WIA individuals, as well as additional data for all individuals.

[15]WIA allowed states and localities to designate a preexisting structure from prior workforce efforts to serve as their board, as long as it met certain criteria. According to Labor, about 27 states and approximately 200 local areas designated such structures as their board, such as their State Human Resource Investment Councils.

[16]Boards have been established in all 50 states and the District of Columbia, the U.S. Virgin Islands, Puerto Rico, and Guam.

WIA listed what types of members should participate on the workforce investment boards, but did not prescribe a minimum or maximum number of members. Also, it allowed governors to select representatives from various segments of the workforce investment community, including business, education, labor, and other organizations with experience in the delivery of workforce investment activities to be represented on the state boards. The specifics for local board membership were similar to those for the state.[17] (See table 2.)

Table 2: Membership Requirements for State and Local Boards

	Level of board applicable to	
Membership requirement	**State**	**Local**
Governor	X	
2 members of each chamber of state legislature	X	
Representatives of businesses	X	X
Chief elected officials representing cities and counties	X	
Representatives of labor organizations	X	X
Representatives of entities with experience in youth activities	X	
Representatives of entities with experience in the delivery of workforce investment activities (including executive officers of community colleges and community-based organizations)	X	
Lead state agency officials with responsibilities for programs carried out by one-stop partners	X	
Other representatives designated by the Governor or local elected official (for example, juvenile justice and economic development officials)	X	X
Representatives of local educational entities (including school boards, adult education and literacy entities, and postsecondary educational institutions)		X
Representatives of community-based organizations (including organizations representing veterans and individual with disabilities)		X
Representatives of economic development agencies		X
Representatives of each of the one-stop partners		X

Source: The Workforce Investment Act and Labor's regulations.

Private-sector leadership and involvement on these boards was seen as crucial to shaping the direction of the workforce investment system. In that respect, WIA required that private-sector representatives chair the boards and make up the majority of board members. This would help ensure that the private sector would be able to provide information on available employment opportunities and expanding career fields, and help

[17]Exceptions are allowed for board membership; for example, an individual seated on the board can represent more than one entity or institution.

develop ways to close the gap between job seekers and labor market needs.

Although state and local boards have some responsibility for implementing WIA, numerous public agencies and other entities in states and localities operate the various programs that are mandatory partners under WIA. WIA did not provide either the state or the local workforce investment boards with control over the funds for most mandatory partner programs. They only have limited authority concerning a portion of WIA funds designated for adult and youth activities and, even then, only under certain circumstances.

Participation in The One-Stop Limited by Programmatic and Financial Concerns

WIA required that the mandatory partners provide core services through the one-stop, as well as support the one-stop's operations. The mandatory partners are generally making efforts to participate in accordance with the requirements of WIA. However, the partners raised a number of concerns that affect the level and type of participation they are able to provide and may prevent them from achieving the vision of full integration of services. Specifically, partners expressed concerns that their one-stop participation could result in changes to their traditional service-delivery methods. These changes might adversely affect their ability to serve their target populations, lead them to serve individuals otherwise ineligible for their services, or unnecessarily strain their financial resources. Implementers acknowledged that WIA gave them the flexibility to address many of these individual concerns at the local level. However, they noted that their ability to establish and maintain effective one-stop operations is hampered when each partner has significant limitations affecting how they can participate and may be unwilling or unable to fully integrate services. Available guidance from responsible federal agencies has not adequately addressed many of these specific concerns, resulting in continued confusion or reluctance to participate in the one-stops.

Partners Concerned That Changes to Traditional Delivery Methods Could Adversely Affect Target Populations

Many of the mandatory partners have raised concerns that altering their existing service-delivery methods to participate in the one-stops and respond to the vision of full integration could adversely affect the quality of services they provide to their target populations. Since the implementation of WIA, partners who serve special populations have repeatedly raised these concerns in comments to Labor and to their parent agencies. These issues were also raised in a study that found that Vocational Rehabilitation partners were concerned that one-stop facilities may not adequately accommodate the special needs of disabled

participants who may require more specialized services, equipment, or personnel, such as staff who know sign language.[18] As a result, even though Vocational Rehabilitation staff were present in some form (either through collocation or referral) at all of the nine one-stops we visited, Vocational Rehabilitation continued to maintain their own preexisting program offices to accommodate their eligible individuals' special needs. Staff told us that because WIA did not require offices to close, they believed that it was prudent for them to maintain the existing service-delivery structures so as not to limit the quality of services for their eligible population.

Other partners have said that they did not see how participation in the one-stop would benefit their eligible populations who were already receiving services through the existing structures. For example, California Department of Education officials told us that low-income and disadvantaged populations in California already have full access to the community college system at low or no cost, decreasing the incentive for partners providing services under Perkins and the Adult Education and Literacy Program to participate in the one-stops in that state. Other partners questioned the value of participation because of the type of individuals they serve or the method in which the services are provided. Across the nine one-stops we visited, there were programs, such as the Native American Program or the Migrant and Seasonal Farmworker Program, that may have had few eligible individuals in the area, which decreased the value of one-stop participation unless there was a critical mass of eligible individuals for them to serve at the one-stop. For example, for seven of the nine one-stops we visited, the Native American Program relied on referrals of potentially eligible individuals from other one-stop partners rather than providing staff to collocate at the one-stops. Other partners, such as those funded under the Community Services Block Grant or carrying out HUD's employment and training activities, are only required to be involved if they offer employment or training services. This may explain why partners representing the Community Services Block Grant and HUD's various workforce development initiatives were not present at three of the nine one-stops we visited. At four one-stops, these partners left information about their programs at the one-stop for individuals to access independently and/or had the one-stop staff direct

[18]Daniel O'Shea and Christopher T. King, *The Workforce Investment Act of 1998: Restructuring Workforce Development Initiatives in States and Localities* (Albany, N.Y.: The Nelson A. Rockefeller Institute of Government, 2001).

individuals to the grantees' programs located elsewhere.[10] Additionally, according to HUD officials, in many cases, clients receiving HUD services, such as housing assistance, are located in centralized areas, such as subsidized housing projects. This means there are likely few potential HUD clients that would enter a one-stop not located at a housing project, and HUD clients located at housing projects would have little reason to go to the one-stop for services.

Although state and local implementers reported that programs lack sufficient guidance addressing how one-stop participation will meet the needs of their eligible population, some have still found ways to encourage programs to participate. State and local implementers said that Labor's and Education's published guidance concerning how the programs can provide their core services has not sufficiently identified ways to address partners' concerns about potential adverse effects on service to target populations. However, a private-sector consultant providing assistance to local areas said that in one local area, partners providing Vocational Rehabilitation services are willing to participate in the one-stop because staff became convinced that serving their eligible population there would improve the quality of service for disabled individuals. Rather than addressing partners' concerns about the potential adverse effect their one-stop participation may have on their eligible populations, some state and local implementers have tried to encourage participation in one-stops by offering incentives. For example, one local area allows partners to use one-stop facilities to teach classes, while another allows partners to use the facilities to assess eligible individuals' literacy levels.

Partners Concerned That Changes May Lead to Serving Ineligible Individuals

A number of partners with narrowly defined program requirements or special target populations have expressed concerns to their parent agencies and to us that altering traditional service-delivery methods to participate in the one-stops or respond to the vision of full integration could lead to a conflict with their own program's requirements or commitments regarding which individuals are eligible for the services they offer. (See table 3.) As a result, even when programs met WIA's requirements to provide core services at the one-stop, they focused on their own eligible populations. For the nine one-stops we visited, even though a majority of the partners were participating, only a few of them,

[10]Detailed information on the nature of partners' participation at each of the one-stops visited is found in appendix I.

such as Employment Service, and WIA's Adult and Dislocated Worker programs, are authorized to serve a broad range of individuals who came into the one-stop for services. The others served the more limited number of individuals specifically eligible for their services. The latter partners also tended to provide support services such as rent, rather than provide a shared service, because they believed doing so would conflict with their programs' mandates.

Vocational Rehabilitation staff have raised concerns to both Education and to us about how they can participate in the one-stop without violating their program's mandates. Vocational Rehabilitation staff serve disabled individuals, yet many who come into the one-stop are either not disabled or do not meet their order-of-selection requirements in which individuals with the most significant disabilities are afforded priority for services. As a result, they do not believe they can provide core services to everyone coming into the one-stop. They also believe their order-of-selection requirements make it difficult to provide shared services, such as providing initial intake or serving as a greeter, because an individual—even a disabled one—may not meet previously set order of selection requirements. Other partners told us that they believe that all disabled individuals should first be served by the Vocational Rehabilitation program. They said that in some one-stops, an individual with disabilities might be sent to the Vocational Rehabilitation staff only to be sent back to WIA staff for core services. In response to concerns raised by Vocational Rehabilitation staff, Education issued regulations reaffirming that Vocational Rehabilitation staff must participate in the one-stop and provide one-stop operational support services. However, the regulations also noted that such participation must be consistent with existing Vocational Rehabilitation programmatic requirements. The lack of explicit direction leads to continued confusion and a general hesitancy to conduct activities not normally provided in their existing offices. This may explain, why at the one-stops we visited where Vocational Rehabilitation staff were collocated, they focused on their eligible population only and did not provide even permissible shared services, instead generally providing rent as their support of the one-stop's operations.

Veterans' staff have also voiced their concerns regarding the relationship between their program mandate and WIA. Partners providing veterans' services were collocated at the nine one-stops we visited; however, the veterans' staff at those one-stops said they could not provide shared services, such as initial intake, because that would mean serving the entire range of one-stop users, whereas veterans' staff are only allowed to serve veterans. We were also told by local implementers that veterans' staff may

be unwilling to teach orientation or job preparation classes at the one-stop to any nonveterans, even if there were veterans participating in the classes. Labor officials with whom we spoke believed that it was permissible for veterans' staff to teach such classes as long as the majority of students were veterans. However, the same officials said that having veterans' staff serve nonveterans was a violation of the program's mandate. In its comments to this report, Labor said that Veterans' Employment and Training Service funding is provided to states to be used exclusively for services to veterans and that if services were to be provided to nonveterans, the funding connected with such service would be disallowed. Labor has not published adequate guidance to help staff resolve these specific issues. This may explain why there are varying degrees of participation in local one-stops by veterans' staff. For example, we were told that there were one-stops where veterans' staff provided services to support the one-stop's operations, such as teaching classes attended by nonveterans.

Adult Education and Literacy providers, who participated in all nine one-stops we visited, have also raised concerns about meeting both their own program commitments and WIA's requirements for one-stop participation. WIA provides that, in competitively awarding funds to Adult Education and Literacy providers, a preference must be given to those providers that have a commitment to serve individuals in the community who are most in need of literacy services, including low-income individuals and individuals with minimal literacy skills. This means, in some cases, an individual at the one-stop needing literacy training may not meet the standards that Adult Education and Literacy providers apply to determine who will be given priority for services. As a result, the individual may be sent to Adult Education and Literacy for services, only to be sent back to WIA's Adult program for services. Although both Labor and Education have emphasized that state and local partners must collaborate to identify and address literacy and other service needs in a community, neither agency has issued guidance to address those instances when such conflicts arise due to such lack of planning between Adult Education and Literacy and WIA.

Table 3: Programmatic Concerns Raised by Selected Partners and Related Guidance by Pertinent Federal Agencies

Program	Potential conflict	Agency guidance
Vocational Rehabilitation Services	Local Vocational Rehabilitation staff believe that if they serve any disabled entering the one-stop or if they provide shared services to support the one-stop's operation (such as initial intake or being a greeter), they may be serving nondisabled individuals or those that do not meet their order-of-selection requirements.	Education has said that it believes the Vocational Rehabilitation program can comply with both WIA and Vocational Rehabilitation requirements. Features such as common intake and referral are permitted when determining individuals' initial eligibility.
Veterans' staff	Local veterans' staff believe that if they provide shared services such as greeting individuals at the one-stops, they may serve nonveterans.	None
	Local veterans' staff believe that if they teach a class, they may be serving nonveterans.	None
Adult Education and Literacy	Local Adult Education and Literacy staff believe that if they accept individuals referred by the one-stop regardless of need level, they may go against Adult Education and Literacy program commitments.	None

In some areas, partners tried to work around these limitations, such as by using WIA funds to obtain an outside tutor or other appropriate service for the individual. In other cases, Adult Education and Literacy charged a fee for services they provided to WIA clients, when those services were not consistent with service priorities.[20] Education officials also advocated various partners' jointly financing a separate staff person to perform greeter and initial intake services.

Partners Identified Resource Constraints They Believe Affect Their Ability to Participate

Many of WIA's mandatory partners also identified resource constraints that they believe affected their ability to participate in as well as fully integrate their services into the one-stops. The first issue was the overall funding levels. Several of the partners we interviewed said they were not provided additional funding, which would have enabled them to provide services at the one-stops in addition to covering the expenses associated with their existing offices. This funding would have also allowed the partners to devote significant resources to establishing sophisticated

[20]Education officials said that this was permissible because they had recently removed the regulation that prohibited charging a fee for Adult Education and Literacy services.

electronic links between existing offices and the one-stops.[21] The participants in the GAO-sponsored symposium also identified insufficient funding levels as one of the top three implementation problems. Labor also found that in many states, the agencies that administer the Employment Service program had not yet been able to collocate with the one-stops, although Labor's regulations indicate that this is the preferred method for providing core services. We were told by Employment Service officials and one-stop administrators we spoke to that this was often because they still had leases on existing facilities and could not afford to incur the costs of breaking those leases. Limited funding made it even more difficult to assign additional personnel to the one-stop or to devote resources to developing electronic linkages with the one-stop. In the states we visited, mandatory partners told us that limited funding was also a primary reason why even when they collocated staff at the one-stop, they did so on a limited or part-time basis.

Resource limitations may help explain why, at the nine one-stops we visited, mandatory partners employed a wide range of methods to provide the required support for the operation of the one-stops. Across all the sites we visited, WIA's Adult and Dislocated Worker programs and, across most sites, Employment Service, were the only partners consistently making monetary contributions to pay for the one-stops' operational costs. Other mandatory partners tended to make in-kind contributions—for example, Perkins and Adult Education and Literacy partners provided computer or GED training. Pennsylvania, however, was able to encourage all of its partners to provide some type of financial support; while in California and Vermont, many partners were not required to provide any financial support.

Mandatory partners also identified how restrictions on the use of their funds can serve as another constraint affecting both their participation in the one-stops and the opportunity for full integration. For example, some programs have caps on administrative spending that affect their ability to contribute to the support of the one-stop's operations. For example, WIA's Adult and Dislocated Worker programs have a 10-percent administrative cap that supports both the one-stops' operation and board staff at the local level. According to a survey conducted for us by a national association, 61

[21]Labor provided states with some initial funding assistance in the form of one-stop implementation grants, but most states have nearly exhausted these funds. These funds were spent primarily on the establishment of one-stop centers, not on altering delivery systems of partners.

of the 69 respondents stated that this cap limits their ability to serve both functions, especially given the funding limitations of other programs. In addition, Education reported that its regulations generally prohibit states from using Education funds for acquisition of real property or for construction. This means partners, such as those carrying out Perkins, cannot provide funds to buy or refurbish a one-stop. Moreover, Adult Education and Literacy and Perkins officials noted that they can only use federal funds for the purpose of supporting the one-stop under WIA. Because only a small portion of the funds they have available at the local level come from federal sources, their ability to contribute is further limited.

Several of the partners reported to us, and to Labor and Education, that they are not sure how to define or account for allowable activities in the WIA environment. For example, partners said existing guidance from the Office of Management and Budget (OMB) and Labor might not address situations in which costs must be allocated across programs with different or competing missions. In that respect, several implementers said that if some programs are unwilling or unable to contribute, costs will tend to be shifted to the Adult and Dislocated Worker partners—the programs having the broadest mission of any partners at the one-stop and the greatest responsibility for ensuring their effective operation. OMB requires that all shared services be properly accounted for by programs, which means that if a partner dedicated a copy machine to the one-stop, and that copy machine was used by all partners, the partner providing the copy machine must be reimbursed by all of the partners using it to remain in compliance with OMB regulations. According to a number of partners, tracking that kind of information is very difficult in this shared environment. This may explain why, in most of the nine one-stops we visited, partners tended to bring and use their own administrative supplies and materials, and shared very few items. Partners have also stated that guidance from Labor does not provide adequate detail about how to account for personnel who, in the process of providing support services, may be providing services to potentially ineligible populations. For example, if Vocational Rehabilitation staff were willing to provide initial intake services at the one-stop, it is not clear how the time spent would be reported if no disabled individuals entered the one-stop. This may also help explain why, in most of the nine one-stops that we visited, only those partners with broad target populations provided shared services, such as intake. Labor has convened a one-stop workgroup that, according to Labor officials,

plans to continue examining these issues further, and work with OMB to establish guidelines on what partners can and cannot do.[22] In comments to us, Labor also reported that it has drafted a financial management technical assistance guide that provides information on financial and administrative requirements applicable to some of the Labor programs. It plans to finalize this guide and begin training in October 2001.

Despite these problems, we found several local areas that were making efforts to compensate for funding limitations. For example, a number of one-stops in Pennsylvania have brought in additional paying partners, such as businesses and nonprofit entities, to provide funds to help support one-stop operations. In California and Vermont, officials are using various state sources of training funds to leverage WIA's funds. In one of the states we visited, local areas made a decision to classify expenses associated with running the one-stop as programmatic rather than administrative so that the recorded administrative costs can be kept to a minimum.

State and Local Implementers' Ideas for Addressing Programmatic and Financial Concerns

As a result of their experiences, state and local implementers have developed a number of ideas for actions that they believe could reduce what they see as programmatic and financial concerns affecting the level and type of partner participation at the one-stop (as shown in table 4). Although there was broad consensus among those we contacted that these concerns needed to be addressed, there was not consensus on how best to address these concerns, nor on how to maintain the flexibility that was key to WIA's implementation. Some of the ideas include providing more specific guidance at the federal level to overcome these concerns, while others call for legislative and/or regulatory action. These actions include amending partners' enabling legislation to mandate changes in their service-delivery methods, requiring additional partners to participate, or expanding the scope of partners' allowable activities at the one-stop.

[22]Labor has convened four workgroups, comprised of local, state, and federal subject-area experts as a direct result of its recent survey of local areas. These workgroups have been tasked with providing feedback and suggestions on subjects related to WIA implementation. They are also tasked with developing technical assistance and training strategies to assist the workforce investment system address the issues identified as barriers to the successful implementation of WIA.

Table 4: State and Local Implementers' Ideas for Addressing Partners' Programmatic and Financial Concerns

Concern	Ideas for addressing concern
Changes to traditional delivery methods could adversely affect target populations	The Congress should amend partners' authorizing legislation to mandate that the old delivery systems are changed or altogether eliminated.
	The Congress and agencies should change requirements or regulations applying to service-delivery to harmonize them with the reality of the one-stop.
	The Congress, agencies, and local one-stops should give partners incentives for participation and relocation to the one-stop (for example, good building, state-of-the-art facilities, business centers to attract employers, the use of one-stop facility for partner functions or for community events).
	The Congress and agencies should redefine administrative limitations to encourage one-stop participation.
Changes may lead to serving ineligibles	The Congress and agencies should broaden allowable responsibilities of partners' employees (for example, if there are no veterans at a given time, veterans' staff should be allowed to carry out other duties at the one-stop).
	Agencies should provide additional guidance on the federal level that encourages partner participation.
	Agencies and states should encourage and reward creative local agreements between partners and cross-training of staff.
Resource constraints affect participation	The Congress and agencies should redefine program costs to include the costs associated with running of the one-stops.
	The Congress and agencies should make administrative caps across partners consistent.
	The Congress should mandate specific financial contributions for partners (for example, a percentage of program funds).
	States should get nonmandatory partners involved (for example, TANF, Food Stamps, etc.).
	Agencies should disseminate best-practice information about cost-sharing.
	The Congress should create a separate funding stream for one-stop costs.
	The Congress should provide program funds through block grants, at least for Labor programs.
	Agencies, along with states and local areas, should create a common intake form that all partners would use for their participants' assessments, thus limiting expense associated with each partner performing this task independently.

Training Options May Become Limited as Training Providers Drop Out of the System

WIA job seekers may have fewer training options to choose from because training providers are reducing the number of course offerings they make available under WIA. According to training providers, WIA's data collection and reporting requirements are burdensome and they question whether it is worthwhile to assume this burden because so few individuals have been referred to them under WIA. Among the workgroups Labor has established is one to address training provider concerns, but the workgroup has not yet provided detailed guidance to states and localities. If these data collection and reporting requirements succeed in discouraging training providers from participating, WIA's goal that job seekers receive enhanced choice in training options might be jeopardized.

Training Providers See Required Data Collection and Reporting as Burdensome

According to training providers and other state and local implementers we interviewed, WIA's data collection and reporting requirements are burdensome for three reasons. First, providers have to collect data on a potentially large number of students. Second, there are problems with the methods available for collecting these data. Third, WIA data collection and reporting requirements are different from those of other programs for which training providers must also collect data. Moreover, training providers did not necessarily see the data they are required to collect as accurate and useful for assessing their performance.

Training providers have voiced a number of concerns to us, and to Education, about the fact that the number of students for whom they must potentially collect data presents a significant burden for them. First, WIA requires that training providers report program completion, placement, and wage data for all students in a class, regardless of whether they were WIA-funded. In other words, if one student in a class of 100 was WIA-funded, the training provider would be required to provide data on all 100 students. WIA also requires training providers to report additional information on WIA-funded students within 6 months of completion of the class. Part of the burden perceived by training providers may stem from their belief that WIA required them to perform this 6-month followup on all of the students in a particular course. Although WIA did not require this type of followup, it did provide the Governor, or the local board, with the option of requiring a provider to submit this additional information. WIA further provided that if such a request imposed extraordinary costs on providers, the Governor or the local board should provide access to cost-effective methods for the collection of this information, or supply additional resources to the provider to aid in the collection.[23]

Second, training providers have reported that the burden associated with collecting these data raises concerns. WIA did not specify how training providers would collect or report this information. In a number of states, training providers were providing student information, such as social security numbers (SSNs), to state agencies responsible for WIA implementation, such as state departments of labor. These agencies then attempted to match SSNs with unemployment insurance (UI) wage records (which are based on SSNs) to acquire the necessary data for WIA

[23]The training providers who believed they needed to perform the 6-month followup on all of the students in a course were unsure whether their Governor had requested this additional information.

as well as non-WIA participants. Training providers said that providing SSN information to states might be efficient because states are required to use UI data in assessing their own performance under WIA and would be able to incorporate the training provider outcome data in their ongoing data analysis efforts. Moreover, because states are required by WIA to verify the data provided by training providers, having access to SSNs would facilitate that process. However, training providers highlighted limitations in the UI data that needed to be addressed through additional data collection. For example, the UI data do not include federal employees, military personnel, farm workers, the incarcerated, the self-employed, and those employed out-of-state. Moreover, there is a significant time lag in the availability of the data.

Training providers also highlighted privacy concerns regarding the provision of SSNs to state agencies. They said the Family Educational Rights and Privacy Act (FERPA) generally prohibits an educational institution from disclosing personally identifiable information (such as an SSN) from individual student records without prior written consent from the student unless the disclosure meets one of a number of exceptions envisioned by the law and implementing regulations (such as provision of the information to Education). In January 2001, Labor and Education issued joint guidance stating that certain exceptions that could allow educational institutions to disclose this information without a student's prior consent were applicable to the WIA data collection reporting requirements. However, confusion and inconsistency continues within both federal and state Education departments as to the use of this exception. There is also confusion about the consequences of utilizing this exception, with some state-level education officials believing that a student could take them to court, alleging that disclosure, without the student's consent, violates FERPA or similar state-level privacy laws. While several courts have held that there is no private right of action under FERPA, there have been cases where individuals have alleged that violations of FERPA are violations of their civil rights. According to one Education official, a court recently awarded a student $450,000 for the unauthorized disclosure of information from the student's records by an educational institution.

When training providers were unwilling, or believed that they were unable, to provide SSNs to the state, they used other methods to gather the information, which they said were even more resource-intensive. For example, in two of the states we visited, training providers told us that they planned to obtain the required information by calling all students who attended the course. This plan required them not only to track where the

students were located, but expend significant resources to call a sufficient number of them to acquire a representative sample. They said they did not have the staff available to collect data in this manner.

Third, training providers reported that WIA's data collection and reporting requirements are similar, but not exactly the same, as those of other programs, posing an additional data collection burden on providers. This is especially true for Education's Perkins program, which generally allows state discretion as to what and how outcome data will be collected. For example, in Texas, Perkins and WIA have different definitions for a program completer. The state defined completion for most WIA-eligible training programs as receiving a 9-hour credit certificate, for example, enough training to get a job. For Perkins, however, the state set its lowest completion point as receiving a 15-hour credit certificate from an array of state-approved courses, for example, courses that would lead to student attainment of a state-established skill proficiency. Moreover, WIA's data collection requirements often differ in scope from other programs. For example, Adult Education and Literacy providers must develop outcome information for all students enrolled in adult education and literacy programs. WIA requires outcome information for students in different groupings, for example, only in particular courses.

Training providers did not necessarily see the data they are required to collect by WIA as accurate and useful for assessing their performance. This perception made them less willing to take on this data collection burden. For example, several community colleges told us that WIA's measure of program completer fails to reflect how a community college serves individuals. For example, a student may leave a course midway through the class because the student had acquired the necessary skills, or had obtained employment. Thus, the community college may have met the needs of the individual, even though the individual did not necessarily complete the course.

As a result of these concerns, training providers are withdrawing their participation from the WIA system, especially because they have access to the same populations of students through other programs, such as Welfare-to-Work, whose data collection requirements may be less burdensome. In fact, we found that the number of providers and course offerings on the ETPL has decreased in many locations. For example, between July 2000 and July 2001, Vermont's list decreased from offering 600 programs by 80 providers to offering 158 programs by 46 providers.

In some locations, state agencies and training providers are trying to work together to overcome some of these concerns. For example, in California, community colleges in one county have chosen to classify WIA-funded training participants as being enrolled in a separate college. Only the name of this college, and not the name of the community college where the classes were actually held, has been placed on the ETPL, easing the burden on providers who previously had to collect data on non-WIA students as well. In addition, WIA allows local boards to accept certain other program-specific performance information for the purposes of fulfilling WIA's eligibility requirements, if the information is "substantially similar" to what WIA requires. In this regard, California's education community received approval from the state workforce investment board to use Perkins' outcome data as substantially similar measures until the state is able to fully implement other outcome data measures. In addition, at least one state was able to address concerns about privacy protections under FERPA because the agency receiving and analyzing the data was located within the state Department of Education.

Labor has established a workgroup—its adult and dislocated worker workgroup—to address many of the issues that training providers described as burdensome. Labor's goal is to craft solutions that do not penalize states already collecting the data successfully. However, the workgroup has no deadline for completion and does not include all the key players. For example, the workgroup does not include training provider representatives, although Labor officials said they invited an association representing community colleges to meetings. However, the lack of formal membership of these key players may limit the value of any solutions developed or the willingness of training providers to adopt those solutions. Moreover, the workgroup has not yet provided guidance, such as products and materials on subsequent eligibility and consumer report requirements. Some state and local implementers we spoke to felt that the continued confusion surrounding the provision of SSNs to noneducational entities needed to be resolved at the state or federal level through a mechanism stronger than guidance, such as through an amendment to FERPA itself.

Data Collection Burden Exacerbated Because Few Individuals Sent to Training

Training providers have said that the data collection requirements are even more burdensome given that they have received few job seekers for training since WIA was implemented in their states. According to regional Labor officials and several of the national associations we interviewed, training providers are receiving relatively few training referrals under WIA. For the nine one-stops we visited, training providers had been sent, on

average, only six individuals with ITAs since July 2000. Moreover, officials from a local area encompassing nine counties told us that their two one-stops had provided no ITAs to individuals until March 2001, and had sent a total of 11 individuals to training offered by four of its eligible providers between March and July 2001. In addition, in some of the local areas we visited, there were financial limitations on the amounts of the ITAs, which did not necessarily cover the cost of some of the course offerings on the ETPL. Therefore, not all classes on the ETPL were available to some WIA-funded individuals. In addition, training providers are not always able to recoup the costs they are expending to collect and report the required data unless they build this extra cost into the cost of training.

There are a variety of reasons why the number of job seekers who have been sent to training is low. These reasons were identified by the state and local implementers as well as several national associations we interviewed, and by the respondents to the surveys conducted for us. First, local areas have generally adopted a "work-first" approach to implementing WIA, encouraging job seekers to try to obtain employment without training. In that respect, local areas have set a level for what constitutes a "sustainable wage" (the minimum wage level at which a job is considered to provide for self-sufficiency and qualify as an acceptable placement for a job seeker) that allows them greater flexibility in placing an individual in a job without training. We also found that many local areas required job seekers to perform a number of activities before they were able to qualify for training. For example, job seekers were often required to spend a certain amount of time looking for a job, or go on a certain number of interviews before they could be approved to receive training with WIA funds. This may have also reduced the number of individuals who received training.

Second, some state and local implementers said that, given the strong economy, employers were more interested in hiring workers than waiting for them to complete training classes.[24] Third, according to local implementers, the Adult and Dislocated Worker programs have had little money left over for training because they, along with the Employment Service, have had to consistently bear a greater share of the costs associated with establishing and maintaining the one-stop, as well as

[24]It is possible that, in these situations, the job seeker may receive customized training or on-the-job training, both of which are not subject to the ITA requirements. We did not find anyone tracking how much training is occurring through these methods.

providing core and intensive services to job seekers. Moreover, WIA required using alternative funding sources, such as Pell grants (a form of federal financial aid available to students), to leverage their training dollars, but state and local implementers were uncertain whether they could do this.[25] Finally, according to the state and local implementers we interviewed and the national associations representing them, the establishment of performance measures for adult and dislocated workers may be discouraging one-stops from placing individuals into training. Due to the fact that incentives and financial sanctions, such as a loss of program funds, are now linked to performance on a series of measures (for example, employment entry, earnings gain, or job retention), one-stops may be hesitant to send individuals to training who, in the minds of one-stop administrators, are not likely to complete training and receive a job that meets performance measures. This particularly affects certain types of individuals, such as incumbent workers whose wage gain may not meet performance levels, or hard-to-serve individuals who may be diverted to other partners' programs for training or placement.

State and Local Implementers' Ideas for Addressing Training Provider Concerns

As a result of their experiences, state and local implementers have developed a number of ideas for actions that they believe could address the concerns raised by training providers and other state and local implementers (as shown in table 5). Although there was broad consensus among those we contacted that these concerns needed to be addressed, there was not consensus on which ideas had greater potential to address these concerns, nor which ones would best maintain the flexibility that was key to WIA's implementation. Some of the ideas included actions that could be taken on the local level, such as the suggestion that one-stops increase their use of customized and on-the-job training in partnership with training providers. Others would require regulatory or legislative action, such as giving training providers additional funds to offset the cost of data collection or amending FERPA to allow for the use of SSNs to satisfy WIA's data collection requirements.

[25]This confusion centers on how sources of funding should be prioritized. For example, WIA specifically states that training services should be limited to individuals who are unable to obtain other grant assistance for such services or who require assistance beyond that made available under other grant assistance programs. The Higher Education Act (HEA) prohibits consideration of HEA student aid (for example, Pell grants, among others) in determining the need or eligibility of any person for benefits or assistance, or the amount of such benefits or assistance, under any federal, state, or local program financed in whole or in part with federal funds.

Table 5: State and Local Implementers' Ideas for Addressing Training Provider Participation Concerns

Concern	Ideas for addressing concern
Training providers see required data collection and reporting as burdensome	The Congress and agencies should allow training providers to collect data on a sample of WIA or non-WIA participants.
	Agencies should focus on one aspect of performance measures and allow locals flexibility in developing remaining measures.
	The Congress should eliminate Governor's authority to require additional performance data.
	The Congress should extend the initial eligibility period before training provider performance requirements go into effect.
	The Congress or the agencies should mandate or develop single data-collection method using UI or other data.
	States should allow schools to access wage records.
	Agencies should develop a common set of data collection requirements for training providers.
	The Congress should amend FERPA to allow for the use of SSNs to satisfy WIA's data collection requirements.
Data collection burden exacerbated because few individuals sent to training	The Congress and/or agencies should allow for additional funds to go to providers to cover costs associated with collecting performance data.

Current Operations of Workforce Investment Boards and Affiliated Entities May Discourage Private-Sector Participation

Private-sector representatives we spoke with are frustrated with the operations of the workforce investment boards under WIA, believing that the boards are too large to effectively address their concerns, and that board-related entities created to help deal with the size of the boards may not reflect employer views. Labor's guidance in this area has not specifically addressed these issues. Although some private-sector representatives still appear to be making efforts to meet WIA's requirement of private-sector leadership, they told us that, if their concerns are not addressed, they may decide to decrease their involvement or stop participating. This could limit the ability of the boards to develop and establish the strong links with the business community needed to develop workforce development strategies that effectively address the needs of all individuals.

Private-Sector Representatives Believe Large Boards Preclude Efficient Operations

Based on the results of surveys and reports of national associations representing workforce investment boards, and according to the majority of private-sector employers and other state and local implementers we interviewed, the large number of members on boards has made it very difficult to conduct operations efficiently. For example, according to a national board association, the average number of members on workforce boards exceeds 40 in most of the places where new boards have been established since the passage of WIA. In our work, we found that Vermont had over 40 seats on its state board, California had 64, and Pennsylvania

had 33. Local boards can be just as large. For example, we found one in Pennsylvania with 43 members and two in California with 45 members. The size of these boards is especially large in comparison to various private-sector corporate boards. For example, General Motors' board of directors has 13 members, while Intel's board has 11.

We were told that the size of the boards makes it difficult to recruit the necessary private-sector board members for several reasons. First, because private-sector representatives must make up the majority of board membership, the larger the board, the greater the requirement for private-sector members, which increases the difficulty of recruiting the requisite number of private-sector members. We found several boards that had been unable to achieve the private-sector majority required by WIA. For example, Vermont's state board had about 42 percent private-sector membership, although the state is working to fill additional private-sector vacancies. Pennsylvania and California used private nonprofit institutions to achieve their private-sector majorities. Labor's survey of 132 local areas found that local areas were more successful recruiting private-sector representatives who had retired than those who were still working, which may limit the current knowledge of workforce issues brought by the private-sector to the board.

Second, the large number of board members makes it difficult to set up meetings. For example, officials in one local workforce investment area said they attempted to meet quarterly to accommodate the schedules of the various members. However, because members often are dispersed throughout the state, it may be difficult to handle the logistics for so many participants, or to find locations for the board meetings that are convenient to all members and do not pose transportation obstacles. If members are unable to attend the meetings, boards may not be able to achieve a quorum (usually a simple majority), and therefore may be unable to make decisions.

Third, the large number of board members makes it difficult to run meetings efficiently. It may be difficult to ensure that the numerous board members all have the same information prior to the meeting, and to keep members apprised of the board's activities. In addition, it is difficult to reach agreement on important issues because having more members results in having more opinions that need to be addressed and reconciled. These difficulties have been especially prevalent this past year when boards have had to perform many administrative tasks, such as developing strategic plans or certifying one-stops, in order to set up the WIA system. Private-sector representatives and other implementers in the three states

we visited said that the boards did not operate in an efficient manner. This inefficiency led to meetings that focused on administration and process rather than on outcomes and broad strategic goals, both of which the private-sector representatives see as an appropriate role for a board of directors.

Some board members and association representatives indicated that it would be easier to deal with the large size of the board if they could meet in smaller groups outside of the formal board meetings to discuss important issues. At the same time, WIA's requirement that boards make available to the public, information regarding their activities through open meetings may preclude such action. State and local implementers in one state told us that they believe WIA's sunshine provision prohibits decisions from being made in private, and has prevented board members from meeting in smaller groups to discuss issues. In one state we visited, employers told us that a required 72-hour public comment period for any agenda item precludes board members from putting on the agenda any important items that might have come up at the last moment.

Despite these difficulties, we found several local areas making efforts to address the problems associated with large boards. For example, some local areas have divided their boards into smaller committees focusing on specific issues, thus increasing member participation and creating a more manageable governance structure. As the next section shows, however, the downside of this approach is the potential dilution of private-sector influence if private-sector board members are not included as members of the committees. To make a state board smaller, more manageable, and more efficient, one state board chair said he hopes to remove, but not replace, board members who fail to take their participation seriously. Labor has contracted with organizations, offered training sessions, and developed publications that provide information on how boards should operate. For example, it has contracted with a coalition of 20 private-sector organizations to produce publications and guides on WIA. However, it has not provided guidance specifically on ways to ensure that boards maintain private sector leadership. It has also recently formed a workforce investment board workgroup, one of six workgroups formed since its implementation status survey, to consider these issues.

Private-Sector Representatives Believe Board Staff and Committee Structures May Not Reflect Employer Interests

According to our interviews with private-sector representatives and private-sector information from national associations, additional structures that have been developed to accomplish many of the day-to-day board activities may not reflect or may dilute employer's input into the system.

Board Staff May Not Reflect Employer Views

Virtually every state and local board has assigned staff that is responsible for carrying out much of the detail associated with the board operations, such as setting up meetings, developing the agenda, and ensuring that boards stay current with compliance issues.[28] Private-sector representatives were concerned, however, that the staff may lack knowledge of or interest in the needs of the private sector.

According to private-sector representatives and other implementers, staff are often employed by the public-sector agency responsible for carrying out WIA's Adult, Dislocated Worker and other mandatory partners' programs in each state, which in most cases is a labor or human services agency. As a result, private-sector and other representatives expressed concerns regarding how staff can carry out their primary focus of serving the board when they report to supervisors in their respective agencies. In that respect, we were told that staff sometimes dismissed issues that private-sector representatives tried to raise because the issues were not deemed important by the state agency. In two states, private-sector and other representatives also complained that staff failed to provide them with key information for the board meetings early enough to allow them to prepare, leaving them unable to participate at the board meetings to the same extent as public officials. Private-sector representatives also questioned whether the existing public-sector staff have sufficient understanding of the environment in which business representatives operate. Finally, although staff generally offer extensive expertise of working with job training programs, staff experienced in prior workforce systems may be hesitant to embrace WIA's vision of a more private-sector-driven and strategic system.

Labor has provided little guidance or information in this area, but there are some locations that appear to have hired staff that adequately represents the private sector. For example, in a local area in California, the WIA funds have been provided to the Office of Economic Development, from which

[28]In some cases, the size of the staff can be large itself; for example, there are 25 staff supporting California's state board.

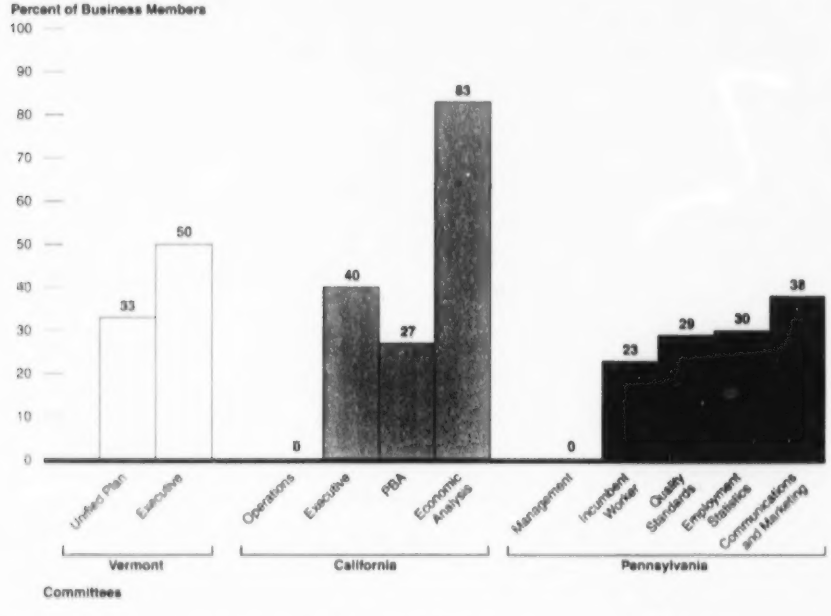
the staff originate, to ensure that the board staff have a private-sector focus. In a local area in Pennsylvania, staff is employed by an incorporated board, which gives the staff greater independence from the state public agencies.

Committee Structure Ma Dilute Employer Input

To address many of the difficulties stemming from the large size of the boards, many states and localities have established committees under the auspices of the board. Committees are generally established to address particular topics, such as youth activities or performance measures, with the goal that the committees will research the issues and decide upon a particular course of action for the board to take.

However, according to our interviews with private-sector representatives and survey results, the establishment of committees to address particular topics of interest for the board could serve to dilute private-sector input into key decisions. There is no requirement that the private-sector members chair these committees or even be included on them. WIA is silent on the establishment of the committees and the form that they should take, but some private-sector representatives told us that, given the important role these committees play in influencing board activities, they felt alienated when they were underrepresented or not represented on the committees. In all of the states we visited, we found that committees at both the state and local level had little private-sector membership. Figure 1 shows that only one of the state board committees, each labeled with their specific committee name, had more than 50 percent private-sector membership.

Figure 1: Composition of Committees at the State Level in Vermont, California, and Pennsylvania



In the states we visited, we also found that there were public-sector committee members who were not board members. According to private-sector representatives in one state, this membership problem further decreases private-sector input in the system. At the same time, however, ensuring private-sector involvement on these committees is problematic, since private-sector employers serve on the boards as volunteers in addition to their regular responsibilities, with time constraints often precluding them from attending both board and committee meetings.

Labor has provided technical assistance to state and local boards, and has arranged peer assistance and provided information on promising practices to help local boards deal with some of these challenges. However, information is still lacking on how to balance the requirements of the board operations with the needs of the private sector. Despite this, some locations appear to be making progress in ensuring private-sector input to committees. For example, some local areas in California are requiring committees to have a business majority and define a quorum in terms of the business majority.

State and Local Implementers' Ideas for Enhancing Private-Sector Participation

As a result of their experiences, state and local implementers have developed a number of ideas for actions that they believe could enhance the role of the private-sector on workforce investment boards (as shown in table 6). Although there was broad consensus among those we contacted that these concerns needed to be addressed, there was not consensus on which ideas had greater potential to address these concerns, nor which ones would best maintain the flexibility that was key to WIA's implementation. Some of the ideas focused on those actions that could be taken at the local level, such as clearly delineating the responsibilities of staff members to ensure a private-sector focus. Others may involve legislative or regulatory action, such as giving responsibility for WIA programs to public-sector entities (for example, economic development agencies) or nonprofit entities that reflect employer outlook, or limiting authority of public-sector staff. In addition, some state and local implementers suggested mandating a maximum number of staff members and providing financial incentives to business members to take over the tasks currently performed by the staff.

Table 6: State and Local Implementers' Ideas for Enhancing Private-Sector Participation

Concern	Ideas for addressing concerns
Private-sector representatives believe large boards preclude efficient operations	The Congress should leave membership decisions to states and locals.
	The Congress and agencies should alter interpretation of WIA's sunshine provision or clarify the requirements to allow board members to convene outside of regularly scheduled public meetings.
	The Congress should allow states and locals to give more weight to private-sector votes on boards that may not have a business majority.
Private-sector representatives believe board staff and committee structures may not reflect employer interests	The Congress, agencies, or states should clearly delineate responsibilities of staff to the Board to limit staff authority and require greater control by the private sector.
	The Congress should mandate that nonpublic agency representatives be included as staff to the Board.
	The Congress and agencies should limit size of staff.
	The Congress and agencies should require Governors to give responsibility for WIA to Chambers of Commerce, State Departments of Commerce, or other entities with a business outlook, as well as hire staff from those entities
	Agencies should limit the number of staff who have worked under the prior workforce development system
	The Congress and agencies should mandate private-sector leadership and majority on committees
	The Congress should mandate a business majority for quorum.
	Agencies should allow for separate private-sector advisory committees even if the participants are not on the larger board.

Conclusions

The workforce development system WIA sought to create represents a sea change for workforce development, not only because it attempted to significantly change how employment and training services are provided, but also because it provided significant latitude to those implementing WIA at the state and local level. Given the early stage of this process, and the new and additional partners involved in the process, it is not surprising that implementation has been affected by concerns over the new requirements. Unless these concerns are addressed in some fashion, there is a risk that the flexibility provided to states and local areas under WIA, instead of fostering innovation, will continue to lead to confusion, unnecessary burden, and resistance to change. Moreover, although states and localities will continue to participate as required by WIA, the vision for one-stops—full integration—may not be achieved. In effect, complying with WIA could result in additional requirements rather than the replacement of traditional service-delivery structures. The opportunity for the federal government to foster fundamental change in the workforce development system of the future could be lost.

While state and local implementers agreed that these concerns needed to be addressed, there was no consensus on a single course of agency or congressional action that would be most effective in addressing these concerns. Moreover, some of the concerns may stem from confusion about what states and localities can already do to embrace WIA's requirements. As a result, states and localities need more time to fully understand and embrace these new ways of operating in conjunction with appropriate guidance and technical assistance. Guidance from all responsible agencies can go a long way towards addressing concerns; it will also help identify issues that may require action beyond guidance. First, the vision of a seamless system of employment and training services depends upon states and localities having better information about the benefits of integrating their services at one-stops. Second, states and localities need better information on cost-effective methods for training provider data collection and reporting. They need tools to address the burden associated with conflicting program requirements and clarification about the confusion surrounding the allowed use of SSNs under FERPA and related policy guidance to meet data collection requirements. Also, training providers need another year of initial eligibility exempt from the data collection requirements while they work with state and local implementers to explore ways to resolve data collection difficulties. Until these issues are resolved, dropping training providers from consideration or having them withdraw their services when the initial eligibility period ends would be at odds with WIA's goal of providing job seekers with better training options.

Third, unless action is taken to ensure that the states and localities understand and can implement ways to achieve effective workforce investment board operations consistent with private-sector needs, WIA's requirement of private-sector leadership for this new workforce system may be at risk. Moreover, the private sector has the necessary labor market knowledge to create a strategic workforce investment system, without which the new system may be adversely affected.

Recommendations to Executive Agencies

To facilitate the implementation of WIA, as well as to help state and local implementers move closer to the vision of a fully integrated system, we recommend that the Secretary of Labor, along with the Secretaries of Education, HHS, and HUD, jointly explore the specific programmatic and financial concerns identified by state and local implementers that affect their ability to fully integrate their services at the one-stops, and identify specific ways in which these concerns can be overcome.

To help ensure that there is a sufficient quality and quantity of training programs and providers available for individuals, we recommend that the Secretary of Labor, along with the Secretary of Education

- Disseminate best-practice information on cost-effective methods being used by states and localities to collect and report the required training provider data;
- Address confusion arising from dual reporting for WIA requirements and those for other education programs; and
- Establish a unified federal position on whether SSNs can be provided by training providers to state agencies (such as departments of labor) for the purposes of meeting WIA's data collection requirements, if it is determined that the most cost-effective data collection methods require the use of SSNs.

To help maintain private-sector leadership in the system, the Secretary of Labor should disseminate information on successful practices by states and local areas to ensure effective board operations and the effective operations of their affiliated entities consistent with strong private-sector leadership.

Matter for Congressional Consideration

To ensure that training providers are not unnecessarily withdrawing their course offerings, the Congress may wish to allow training providers to remain on the list of eligible providers for another year without meeting all the data collection requirements while they work with state and local implementers to explore ways to resolve data collection difficulties.

Agency Comments and Our Evaluation

We provided a draft of this report to Labor, Education, HHS and HUD for review and comment. The comments from the agencies are reproduced in appendixes II through V, respectively. Labor appreciated our work in identifying issues and problems associated with WIA implementation, and Education said that the report and recommendations provided insight on ways it can help state and local implementers. HHS, which is responsible for one of the mandatory partner programs, concurred with the recommendation that the respective Secretaries jointly explore the specific programmatic barriers affecting programs' ability to achieve the vision of full integration. Neither Labor, Education, nor HUD responded directly to any of our recommendations.

The majority of the comments made by Labor, Education, and HUD reiterated the difficulties associated with WIA implementation. Labor said

that the specific issues we identified in the report must be considered in the broader context of the massive reform of the workforce development system anticipated by this landmark legislation. We believe that our report highlights the difficulties that states and localities are having implementing many of these new, complicated requirements and discusses those issues that need to be addressed to ensure successful implementation. According to Labor, integrating the many partners into one system is a challenging task, and it has no authority to direct or mandate participation of others, nor can it deliver guidance that must come from other partners. For WIA to succeed, partnership among agencies at the federal level is key, which is why we recommended that the respective Secretaries work together jointly to address limitations to participation.

Education said it was concerned that our report would set a benchmark for measuring the success of WIA against the vision of full integration, rather than the coordination that was required by the law. We did not intend to imply that full integration is the only option for participation. However, because Labor highlighted full integration as its ultimate vision, our report sought to identify those issues that would serve as impediments to achieving full integration. If policymakers want full integration to be a viable option, the issues we highlighted in our report—and reiterated by Education in its comments—need to be considered and addressed. Education also highlighted the concerns we raised in our report concerning privacy protections under FERPA, saying that the protection under FERPA cannot be ignored or sacrificed when faced with the separate, independent challenge of meeting the accountability requirements of WIA. This comment supports our recommendation that Education and Labor work together to establish a unified federal position on what is allowed under FERPA for purposes of WIA.

HUD's comments focused on its viability as a partner in the one-stops. Although HUD noted that it is participating in interagency workgroups and has provided guidance, it said that WIA did not directly apply to the majority of HUD's programs, pointing out that HUD's programs differ significantly from those of Labor and Education. It also suggested that none of its workforce development initiatives have a primary mission of employment and training. HUD's response reiterates the need for it to work to resolve the programmatic limitations that affect the ability of its programs from participating in the one-stop system.

Labor said our report did not fully reflect the unprecedented level of guidance and technical assistance that it and its federal and state partners have provided to state and local implementers since the passage of WIA.

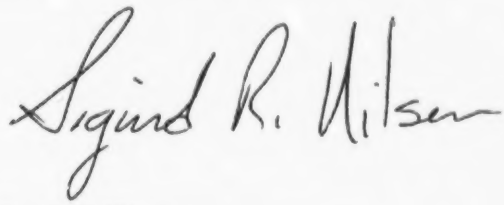
Throughout the report, we clarified this point and provided more examples of such guidance. However, much of the guidance that Labor has issued to date has focused on helping state and local implementers set up the system. State and local implementers now need guidance that addresses concerns specific to a system that is in the critical early stages of operation, such as how to effectively collect performance data and operate boards.

Both Education and Labor highlighted the importance of state and local flexibility for WIA implementation. Labor said that our report needs to more explicitly acknowledge this flexibility, and that the differences we observed among various one-stop systems reflect decisions based on state and local circumstances to achieve state and locally established goals. We believe our report fully acknowledges that WIA did not prescribe how states and locals would implement WIA. We did note, however, that flexibility without guidance or implementation assistance can sometimes lead to confusion. Education and Labor both believed that detailed guidance was not compatible with the flexibility WIA affords states and localities. However, we believe that guidance can be detailed without being prescriptive, and that federal partners play a vital role in helping state and local implementers optimize the flexibility provided by WIA.

In addition to these comments, each of the agencies provided technical comments that we incorporated, where appropriate.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 10 days after the date of this report. At that time, we will send copies to the Secretary of Labor, the Secretary of Education, the Secretary of Housing and Urban Development, the Secretary of Health and Human Services, appropriate congressional committees, and other interested parties. We will also make copies available to others upon request.

Please contact me on (202) 512-7215 if you or your staff have any questions about this report. Other contacts and staff acknowledgements are listed in appendix VI.



Sigurd R. Nilsen
Director, Education, Workforce
and Income Security Issues

Appendix I: Presence of Partners at Nine One-Stops and Method of Core Service Provision

Table 7 shows the range of methods used by partners to meet the requirement of core service provision through the one-stops at each of the nine locations we visited.

Table 7: Partner Programs and Method of Core Service Provision at Nine One-Stops

		One-stops where the program was providing core services through...[a]			
Program	One-stops where program present	Collocation	Referral	Electronic linkages	Contract
Mandatory programs					
WIA Adult	9	9	-	-	-
WIA Dislocated	9	9	-	-	-
WIA Youth	9	9	-	-	-
Employment Service	9	9	-	-	-
Trade Adjustment Assistance	9	9	-	-	-
Employment and training services to veterans	9	9			
Unemployment Insurance	9	3	-	6	-
Welfare-to-Work	9	7	2	-	-
Vocational Rehabilitation	9	7	3	1	-
Adult Education and Literacy	9	5	4	1	-
Senior Community Service Employment Program	9	6	-	2	1
Carl D. Perkins Vocational Education	8	4	4	-	-
Migrant and Seasonal Farmworker Program	7	5	3	-	-
Native American Program	8	2	7	1	-
Job Corps	7	2	4	-	1
HUD-administered employment and training	6	1	4	2	-
Community Services Block Grant	6	2	4	1	-
Nonmandatory programs[b]					
School-to-Work	4	2	1	2	-
Temporary Assistance for Needy Families	9	5	4	-	2
Food stamps	7	2	3	-	2
Transportation	2	-	2	-	-
Employers	1	1	-	-	-

[a]These columns may add up to more than nine because partners may be using more than one method of core service provision at a one-stop.

[b]These were some of the nonmandatory partners we observed; this is not an exhaustive list of the various nonmandatory partners participating in one-stops.

Appendix II: Comments From the Department of Labor

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

SEP 21 2001

Mr. Sigurd R. Nilsen
Director, Education, Workforce,
and Income Security Issues
United States General Accounting Office
Washington, DC 20548

Dear Mr. Nilsen:

On behalf of the Secretary of Labor, thank you for the opportunity to review the draft of your proposed report, Workforce Investment Act: Better Guidance Needed to Address Concerns Over New Requirements (GAO-01-1030).

The report focuses on three aspects of implementation of the Workforce Investment Act (WIA) of 1998: (1) participation in the One-Stop delivery system by mandatory partners; (2) participation by training providers in the eligible training provider system; and (3) participation by private sector representatives in the governance of the workforce investment system. We appreciate the work of the General Accounting Office (GAO) in identifying issues and problems with WIA implementation in these three areas. Many of these issues were ones that we identified in our "WIA Readiness Review" that we shared with the GAO. As noted by the GAO, we have convened four work groups - on One-Stops, Employers on Workforce Boards, Youth Program Services, and Adult Services - to provide feedback and suggestions about products, materials, and policy guidance to help states and local communities address WIA implementation issues.

We agree with the GAO's assessment that the Workforce Investment Act anticipates massive reform of the workforce development system in the form of seamless delivery of services by separate organizations operating under different rules. We think that it is important to view the specific issues identified by the GAO in the broader context of the changes made by this landmark legislation.

First, the Department recognized early on the magnitude of changes that would be required of the workforce development system. Accordingly, in consultation with the Department's state, local, and other federal partners, we provided unprecedented levels of guidance and technical assistance on implementing WIA that are not fully reflected in the GAO report. Specifically, from the moment WIA passed, policy concept papers were prepared in consultation with state and local partners and stakeholders. Town hall meetings were held around the country, providing an opportunity for the partners and the public to comment on the various policy directions in the proposed

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implementing regulations and strategic planning guidance, including guidance on unified planning with other partner agencies. Department of Labor regional office staff visited each state, developing appropriate responses to problems and issues and focusing on the planning and governance structures and implementation of the new provisions of WIA.

The Department established work groups with representatives of state and local partners to share input on ways to address common issues and challenges. Implementation training; "voice of experience" forums; financial and performance reporting training; and training on the eligible training provider system have been offered to the system by the Department of Labor. Several organizations funded by the Department also have offered technical assistance and training on state and local board management and leadership to support the establishment and effective operation of Workforce Investment Boards at both levels.

Second, WIA anticipates seamless service delivery through the One-Stop system by 19 different partners that are brought together to provide customer-driven services. Each of these partner programs operates under its own rules. Integrating them into one system is a challenging task to say the least. While the Department of Labor does not have the authority to direct or mandate the participation by other federal agencies in the One-Stop delivery system in states, we have taken the lead on many occasions to work on joint policy, guidance, and technical assistance with the Office of Management and Budget and other federal partners in such areas as resource sharing and unified planning.

Finally, one essential underlying principle of WIA is not addressed in the report - state and local flexibility to implement the provisions of the Workforce Investment Act. We believe that this point needs to be more explicitly acknowledged in the GAO report. Flexibility is critical to the implementation of the principles of customer service and choice and increased participation by the private sector. The differences that we see among state and local One-Stop systems reflect decisions based on state and local circumstances to achieve state and locally established goals. For the Department of Labor to direct or require compliance with rules and procedures set at the national level would undermine this key principle and strength of WIA.

We have enclosed some additional specific comments on the GAO's findings.

Sincerely,

Emily Stover DeRocco

Enclosure

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Appendix III: Comments From the Department of Education

UNITED STATES DEPARTMENT OF EDUCATION

THE DEPUTY SECRETARY

September 21, 2001

Sigurd R. Nilsen
Director, Education, Workforce,
and Income Security Issues
U.S. General Accounting Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Nilsen:

The Department of Education appreciates the opportunity to comment on the draft report entitled *Workforce Investment Act: Better Guidance Needed to Address Concerns Over New Requirements* (GAO-01-1030). The report highlights the complex challenges States and localities face in implementing Title I of the Workforce Investment Act (WIA), including, particularly, the law's one-stop coordination requirements. The report will be useful to us in identifying additional ways the Department can be helpful to State and local agencies in mastering these challenges.

We are concerned, however, that the report sets a benchmark for measuring the success of the implementation of WIA Title I's one-stop coordination requirements that is inconsistent with the law and Department of Labor (DOL) regulations. The report deems successful implementation to be the "full integration of services" by mandatory partner programs at the State and local level, which is defined as "all partner programs coordinated and administered under one management structure and accounting system, offering joint delivery of program services from combined resources" (page 9). This definition seems to be derived from one-stop cost-allocation guidance published by the Department of Labor on May 31, 2001 in the *Federal Register*. That guidance described "full integration" as one segment in a continuum of options for implementing the one-stop coordination requirements established by Title I of WIA. It recognized that the authorizing statutes for some partner programs do not permit the "full integration of services" it references. WIA refers to coordination and consolidation; the report does not.

In crafting WIA and the Carl D. Perkins Vocational and Technical Education Act (Perkins Act), Congress established several separate programs with different funding streams, and eligibility and other requirements, including adult and youth workforce development services, adult education and literacy instruction, vocational rehabilitation, and vocational education program improvement. Congress went on to require that the services and activities funded by each of these programs be made accessible at no fewer than one single access point in each community—one-stop career centers. Regardless of

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who administered a program or where it was located, individuals would be able to access the program's services at the community's one-stop career center.

Mandatory one-stop partner programs, including adult education, vocational rehabilitation, and postsecondary vocational education must "to the extent not inconsistent with the Federal law authorizing the partner's program:" (1) make available "applicable" core services through the one-stop system; (2) use a portion of Federal program funds to support the one-stop system; and (3) be represented on State and local workforce development boards. State and local elected officials and program administrators are given broad discretion to determine how best to accomplish these objectives, enabling them to design service delivery systems that are responsive to State and local needs and priorities through the development of local memoranda of understanding.

In some cases, the integration of services across programs is an appropriate and viable strategy. For example, the full integration of some core services offered by many DOL and other partner programs that have common objectives and authorized activities is readily achievable and should be expected. It makes little sense, for example, for Employment Service and adult and dislocated worker program staff to offer job search services separately. Nor does it make much sense for the Department of Education's adult education and literacy programs and various DOL programs to administer their own separate assessments of basic skills.

In other instances, however, opportunities for service integration might be more limited given both the scope of relevant programs and the needs of the individuals whom those programs serve. WIA recognizes this by requiring that each partner participate in the one-stop system in a manner that is consistent with the individual partner's authorizing legislation. That condition was established not as a stumbling block to a vision of full integration favored by Department of Labor funded programs (and implicitly adopted by GAO throughout the report), but as a recognition that coordination through the one-stop system can greatly enhance access and efficiency without compromising the extent to which program resources are used for their intended purpose.

For example, Title I of the Rehabilitation Act and its implementing regulations authorizing the vocational rehabilitation (VR) program limit services to eligible persons with disabilities and require that State VR agencies give priority to persons with the most significant disabilities (i.e., those who typically have the most complex and costly rehabilitation needs). Moreover, the VR program includes important procedural protections for persons with disabilities, including qualification standards for rehabilitation professionals able to address the unique employment and training needs of persons with disabilities. Clearly, as the Department has emphasized in its communications with States, the one-stop system enables VR agencies to partner with other programs in order to jointly address the rehabilitation needs of persons with disabilities in a comprehensive and efficient fashion. That effort may include sharing in the costs of services that are applicable to each partner, including intake, information and referral services, accommodations, or other activities. However, the commenters noted in

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the report are correct in indicating that VR agencies cannot pay for services for individuals who do not have disabilities or do not otherwise meet program eligibility criteria. Again, that result is mandated by WIA and is reflective of the fact that VR program resources are to be used to meet the extensive, unique, and critical employment and training needs of eligible persons with disabilities. Thus, we recommend that the final report clarify the requirements of WIA and, correspondingly, the extent to which the local areas studied have coordinated service delivery pursuant to those requirements.

In that same regard, few of the one-stop core services are applicable to the Perkins Act, which generally supports activities to improve the quality of vocational education programs through curriculum and professional development, the purchase of equipment, and services to members of special populations. Most direct services, such as career guidance and academic counseling, may only be provided after a student has enrolled in a vocational education program. Given these and other statutory limitations, State and local implementers should not be expected to integrate fully all Federal program services and activities under the management of a one-stop center operator. Moreover, the report should not implicitly endorse the full integration model without first addressing the reasons, some of which we have outlined above, as to why that model would not be in the best interest of populations served by some partner programs.

On the other hand, State and local partner programs should be expected to coordinate service delivery more effectively than was evident at some of the one-stop centers GAO staff visited. In particular, the report noted that, in some cases, individuals in need of adult education and literacy instruction were being sent back and forth among programs because they did not meet the separate service priorities established by each program. This is unacceptable. Adult education and literacy instruction may be provided with funds under the Adult Education and Family Literacy Act and, when offered in combination with skill training, the DOL adult and dislocated worker program. DOL youth program funds may also be used to provide basic skills instruction to individuals who are ages 14 through 21 and meet the other statutory eligibility requirements. Title I of WIA establishes a collaborative framework of State and local boards and other mechanisms that are designed to facilitate decision-making across programs about how best to use these combined Federal resources to address State and local needs. Not every program will have the same service priority, but, collectively, the priorities should come together in a coherent way that all partner programs understand and implement. No individual who wants to learn should be bounced from program to program in search of a willing teacher. We would appreciate learning more about where these problems were found by your staff so that we can work with States to correct them.

Similarly, we would like to know more about those instances noted in the report in which VR agencies were unwilling to partner with other programs in delivering services that are clearly common to each. However, we do question the breadth of support among VR agencies for the position noted in the report that partnering in the one-stop center is ill-advised on the basis that one-stop facilities may not adequately accommodate the special communication, equipment, or other needs of persons with disabilities. We find such statements suspect since many State VR agencies work closely with their one-stop

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partners to address accessibility and accommodation issues. In fact, VR agencies are often among those demanding that other programs make available necessary accommodations so that persons with disabilities can participate in those programs' activities. VR agencies recognize the value that access to DOL and other programs offers people with disabilities. Thus, many are more apt to lend their expertise to the one-stop center so that the center's programs are accessible than to refuse to partner altogether.

Need for Additional Guidance and Technical Assistance

As this and several examples cited in the report suggest, there is a continued need for guidance and technical assistance from the Department to assist States and localities in implementing the WIA Title I one-stop coordination requirements. However, we continue to believe that State and local flexibility remains key to successful implementation. Additional guidance should be limited to offering options rather than imposing detailed Federal prescriptions. Federal efforts should be focused primarily on identifying effective practices and strategies and providing technical assistance to help States and localities adopt and pursue them.

Administrative Costs

We reject the suggestion of some State and local implementers that the amount of funds available for State and local administrative costs must be increased to facilitate the implementation of the one-stop requirements. If anything, the one-stop system and the collaboration it demands offer programs opportunities to reduce administrative costs by eliminating duplication and achieving greater economies of scale. It is not clear to us why or how the one-stop system cannot be implemented effectively without diverting more Federal dollars from the classroom and direct services for individuals. Congress specifically limited administrative costs in most of these statutes.

Coordination of Federal Accountability Provisions

While the Department has no role in implementing the WIA Title I eligible training provider provisions discussed in the report, we have worked closely with DOL in the implementation of the accountability requirements of the WIA Title I, adult education, vocational education, and vocational rehabilitation programs to increase consistency across programs and ease the data collection and reporting burden on States and local programs. Where possible, the Departments have aligned the definitions and measures they use or provided flexibility so States can create common definitions. Under the Perkins Act, for example, States have complete discretion to devise accountability systems that measure the core performance indicators identified by Congress. As a result, they have the freedom to establish common definitions for measuring performance under the Perkins Act and the WIA Title I eligible training provider provisions. We hope that more States will take advantage of this flexibility in the future.

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Privacy Rights

Though the report discusses the release and use of students' Social Security numbers for accountability purposes, it fails to give a complete picture of the Family Educational Rights and Privacy Act (FERPA), and the importance of protecting student privacy. FERPA's underlying purpose is to ensure that a student's education records, including personally identifiable information such as a Social Security number, are not disclosed to others, absent the written consent of the student. The entire statutory scheme of FERPA expresses a clear Congressional intent that certain personal information about students be protected from disclosure. This protection cannot be ignored or sacrificed when faced with the separate, independent challenge of meeting the accountability requirements of WIA Title I.

We value the insights and recommendations provided in the report. They will inform our ongoing work with States to improve the implementation of the WIA Title I coordination requirements. You will find additional, detailed comments in the enclosure to this letter. Please let us know should you need clarification of any of the material we have outlined or need additional information.

Thank you for the opportunity to participate in this important endeavor.

Sincerely,

William D. Hansen

Enclosure

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Appendix IV: Comments From the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES — Office of Inspector General

Washington, D.C. 20201

SEP 24 2001

Mr. Sigurd R. Nilsen
Director, Education, Workforce,
and Income Security Issues
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Nilsen:

Enclosed are the Department's comments on your draft report, "Workforce Investment Act: Better Guidance Needed to Address Concerns Over New Requirements." The comments present the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely,

Janet Rehnquist

Janet Rehnquist
Inspector General

The Office of Inspector General (OIG) is transmitting the Department's response to this draft report in our capacity as the Department's designated focal point and coordinator for General Accounting Office reports. The OIG has not conducted an independent assessment of these comments and therefore expresses no opinion on them.

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COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON THE U.S. GENERAL ACCOUNTING OFFICE DRAFT REPORT, "WORKFORCE INVESTMENT ACT: BETTER GUIDANCE NEEDED TO ADDRESS CONCERNS OVER NEW REQUIREMENTS" (GAO-01-1030)

General Comment

The Department of Health and Human Services appreciates the opportunity to comment on the General Accounting Office's (GAO) draft report, which addresses an important topic.

GAO Recommendation

To facilitate the implementation of WIA, as well as to help states and local implementers move closer to the vision of a fully integrated system, we recommend that the Secretary of Labor, along with the Secretaries of Education, HHS, and HUD, jointly explore the specific programmatic and financial concerns identified by state and local implementers that affect their ability to fully integrate their services at the one-stops, and identify specific ways in which these concerns can be overcome.

Department Comment

We concur with the GAO recommendation.

The Department's Administration for Children and Families, Office of Community Services notes that the community services network they support has a long history of working in collaboration and partnership with other local agencies. Under the Community Services Block Grant (CSBG) Act, the CSBG supports a range of programs designed to assist low-income people in obtaining and maintaining employment. Utilizing CSBG funds, Community Action Agencies nationwide have always provided job seekers, workers, and retired workers support in job placement and retention services. Such services include skills training, opportunities to work in local agency programs and on-the-job training. Various employment projects managed or supported by local agencies are designed to provide new job opportunities for low-income people. Additionally, CSBG provides support in job placement and development, including locating vacant positions, creating job banks, and facilitating interviews. There are supportive services for those new to the workforce, such as child care, providing work clothing, transportation, job counseling and job retention training.

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Appendix V: Comments From the Department of Housing and Urban Development

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-6000

September 19, 2001

OFFICE OF THE ASSISTANT SECRETARY
FOR POLICY DEVELOPMENT AND RESEARCH

Mr. Sigurd R. Nilsen
Director, Education, Workforce,
and Income Security Issues
United States General Accounting Office
Washington, DC 20548

Dear Mr. Nilsen:

Thank you for the opportunity to comment on your draft report entitled, "Workforce Investment Act: Better Guidance Needed to Address Concerns Over New Requirements (GAO-01-1030). The Department of Housing and Urban Development (HUD) commends the GAO on this report which focuses on issues related to the three Workforce Investment Act (WIA) requirements that represent the foundation of this new system. These issues are: 1) mandatory partners' participation in the one-stop centers; 2) job seekers' ability to receive enhanced choices for training; and 3) private-sector participation on workforce boards.

The Department of Housing and Urban Development (HUD) encourages the development of partnerships between its grantees and those of other Federal agencies engaged in similar or compatible activities. We recognize that the Workforce Investment Act (WIA) calls for the development of such partnerships in the area of workforce development.

HUD's Involvement in Implementation of WIA

Since the passage of WIA in 1998, HUD has been actively involved in interagency efforts to implement WIA. For example:

- *Interagency Working Groups*. HUD has actively participated as a member of the OMB WIA work group, the WIA Federal partners work group, the one-stop work group, and regional WIA interagency partner groups. HUD hosted two national call-in sessions in which all Federal partners explained their roles and answered questions.

- *Technical Assistance*. HUD field staff has provided information and assistance to state and local Workforce Investment Boards (WIBs). HUD has provided WIA training to staff and grantees at dozens of conferences and meetings. The focus of this training has been to encourage HUD grantees that are involved in employment and training activities to become one-stop partners.

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- *Guidance to HUD grantees.* HUD issued guidance to public housing agencies (PHAs) in 2000 encouraging them to establish cooperation agreements with workforce investment boards and one-stops.

General Applicability of WIA to HUD Programs

While HUD strongly supports the goal of improving coordination in federally-funded workforce development activities, it does not appear that the WIA is, in general, directly applicable to the majority of HUD programs. HUD's programs, which are primarily geared towards providing affordable housing and economic development activities, differ significantly from the programs of the Department of Labor (DOL) and other WIA partners, which are often primarily intended as employment and job training activities. As a result of these differences, which are outlined in greater detail below, we believe that the WIA does not directly apply to many of the HUD programs that are identified in the draft report as falling under the WIA's coverage. We respectfully request that the report be amended to reflect this position.

First and foremost, there are very few HUD programs for which employment and training is a primary purpose. For the majority of HUD programs – including most of the programs that we believe are incorrectly listed in the draft report as triggering required one-stop partnerships – employment and training is ancillary to the main purpose and use of funds. Second, many HUD programs are formula block grants which give grantees substantial discretion to decide how to spend HUD funds. While employment and training is an optional use of funding for some of these programs, HUD has no control over whether grantees spend these funds on employment and training. Third, there are few HUD programs structured with intermediary entities such as state agencies between HUD and local grant recipients; almost all other WIA-covered programs have this structure.

Finally, HUD programs that serve public and assisted housing residents are unlike other employment and training programs in that they are place-based. They are often successful precisely because outreach, recruitment and services themselves are located right where participants live. In these cases, it is not clear what benefits a one-stop at another location could provide to participants or program entities.

HUD Programs Required to be One-Stop Partners

For all other Federal agencies, WIA legislation identifies the specific authorizing legislation of programs of required local one-stop partners. In contrast, the WIA statute and regulations do not clearly state which HUD employment and training programs are to be considered required partners, referring only to "employment and training activities carried out by the Department of Housing and Urban Development."

Because of the WIA statute's lack of specificity about which HUD programs are to be considered required partner programs, HUD's Office of General Counsel consulted with their counterparts at DOL in 1999 to discuss this issue. They reached agreement

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that the recipients of HUD's formula grant programs would not be required one-stop partners because the funds were not provided by HUD specifically for employment and training activities. Of the programs listed in footnote c of page 8 of the draft report, the following are formula grant programs that should be excluded on this basis: Community Development Block Grants, the Public Housing Drug Elimination Program, and the Public Housing Capital Fund.

Recipients of several other HUD programs should be excluded from the list of required one-stop partners because employment and training is neither a required nor the primary purpose of these funds. Such programs include: the HOPE VI program (inadvertently listed as HOPE IV), the Community Outreach Partnership Center program, the Homeless Assistance Programs, and Empowerment Zones / Enterprise Communities. Of course, programs that receive no funds – such as Neighborhood Networks, 2020 Education Centers, and Step-Up – cannot contribute to the operation of One-Stops as required partners.

The Family Self-Sufficiency (FSS) Program illustrates well many of the problems posed by applying WIA to HUD programs. FSS is designed to help families in subsidized housing build assets. As participating families' rents go up due to increases in income, the increase is deposited into an escrow account that families can access upon successful completion of the program. In addition to funding the escrow accounts, HUD provides funding to housing agencies to cover the costs of one or more coordinators for the program. Among other things, the coordinator provides case management and referral services to participants to help link them to services in the community. Most PHAs receive funding for one coordinator only.

While the FSS coordinators do provide services that fall within the Act's definition of core and intensive services, we do not believe that the WIA is directly applicable to the FSS program. We also do not believe it would be feasible for PHAs that receive funding to hire a single FSS coordinator to give up a portion of that person's time to the one-stop or to give up a part of their administrative fees for their housing programs to cover one-stop costs.

FSS participants are recruited directly through the PHA. FSS funds can only be used for the salary and benefits of case managers. There are no FSS funds for administration, overhead or program operations. Moreover, FSS is a very small part of the overall mission, funding and activities of PHAs. An added problem is that FSS is, to a substantial extent, an optional program. Requiring PHAs that wish to participate in FSS to also contribute to a one-stop could act as a deterrent to participation in the program, undermining that program's goals.

Many of the practical considerations that would arise from applying WIA to FSS are also applicable to the Youthbuild and Resident Opportunities and Self Sufficiency (ROSS) Programs. Youthbuild serves a distinct population group of severely disadvantaged 16-to-24 year-old youth who live in distressed neighborhoods. Grantees are community-based organizations that have a presence and positive reputation in these

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communities. Recruitment is done through established networks within these communities. Also, like public housing programs, Youthbuild is successful because outreach, recruitment, services and construction activities are located in the participants' neighborhoods and not at an agency in some distant location.

The ROSS Program can be used for many purposes, only one of which is to provide employment and training activities. Since employment and training is neither a required nor the primary purpose of ROSS funds, it does not appear that ROSS fits the model of an employment and training program covered by WIA. The ROSS Program is restricted to serving residents of specific public housing agencies or developments. Adding an additional requirement to offer services through a one-stop center would not likely be an effective means of outreach and recruitment within the discrete population that is eligible for those services.

Conclusion

HUD will continue to encourage its grantees to work closely with one-stop centers when this adds value to the grantees and their programs. There are already a number of encouraging examples of cooperative ventures such as PHAs operating one-stop satellites at public housing developments. We plan to continue to encourage these partnerships to ensure more effective cooperation at the local level.

Thank you for the opportunity to comment on this draft report.

Sincerely,

Lawrence L. Thompson
General Deputy Assistant Secretary

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Appendix VI: GAO Contacts and Staff Acknowledgments

GAO Contacts

Lori Rectanus, (202) 512-9847
Monika Gomez, (202) 512-9062

Staff Acknowledgments

Natalya Bolshun also made significant contributions to this report, in all aspects of the work throughout the review. In addition, Dianne Murphy Blank, Andrea Sykes, and Andrew Von Ah, aided in the gathering and analyses of information collected on our site visits, Jessica Botsford and Richard Burkard, provided legal support, and Patrick DiBattista assisted in report and message development.

Related GAO Products

Department of Labor: Status of Achieving Key Outcomes and Addressing Major Management Challenges (GAO-01-779, June 15, 2001).

Major Management Challenges and Program Risks, Department of Labor (GAO-01-251, Jan. 2001).

Multiple Employment Training Programs: Overlapping Programs Indicate Need for Closer Examination of Structure (GAO-01-71, Oct. 13, 2000).

Workforce Investment Act: Implementation Status and the Integration of TANF Services (GAO/T-HEHS-00-145, June 29, 2000).

Multiple Employment Training Programs: Major Overhaul Needed to Create a More Efficient, Customer-Driven System (GAO/T-HEHS-95-70, Feb. 6, 1995).

Multiple Employment Training Programs: Major Overhaul Needed to Reduce Costs, Streamline the Bureaucracy, and Improve Results (GAO/T-HEHS-95-53, Jan. 10, 1995).

Multiple Employment Training Programs: Overlap Among Programs Raises Questions About Efficiency (GAO/HEHS-94-193, July 11, 1994).

Multiple Employment Training Programs: Overlapping Programs Can Add Unnecessary Administrative Costs (GAO/HEHS-94-80, Jan. 28, 1994).

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